



## DEPARTMENT OF THE INTERIOR

### Office of Natural Resources Revenue

[Docket No. ONRR-2011-0002; DS63644000 DRT000000.CH7000 234D1113RT]

### States' Decisions on Participating in Accounting and Auditing Relief for Federal Oil and Gas Marginal Properties

**AGENCY:** Office of Natural Resources Revenue, Interior.

**ACTION:** Notice.

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**SUMMARY:** In accordance with Office of Natural Resources Revenue (ONRR) regulations, ONRR provides two types of accounting and auditing relief for Federal oil and gas production from marginal properties: (1) the cumulative royalty reports and payments relief option, which allows a lessee or designee to submit one royalty report and payment for the calendar year's production; and (2) other requested relief, which allows a lessee or designee to request any type of accounting and auditing relief that is appropriate for production from the marginal property and meets certain requirements. By October 1 of each calendar year, ONRR provides a list of qualifying marginal Federal oil and gas properties to the States receiving a portion of Federal royalties from those properties. Each State then decides whether to participate in neither, one, or both relief options. This Notice provides the public each State's decision on whether to participate in marginal property relief.

**DATES:** Applicable January 1, 2023.

**FOR FURTHER INFORMATION CONTACT:** Mr. Robert Sudar, Market and Spatial Analytics, Research, Enforcement, Guidance, and Appeals Division, ONRR, at (303) 231-3511; or by email to [Robert.Sudar@onrr.gov](mailto:Robert.Sudar@onrr.gov).

**SUPPLEMENTARY INFORMATION:** Pursuant to the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (30 U.S.C. 1726) and 30 CFR part 1204, subpart C,

ONRR and States can relieve the lessee of a marginal Federal oil and gas property from certain reporting, accounting, and auditing requirements. ONRR's rules under 30 CFR 1204.202 and 1204.203 authorize two relief options: (1) cumulative royalty reports and payments relief option, which allows a lessee or designee to submit one royalty report and payment during a calendar year; and (2) other requested relief, which allows a lessee or designee to request any type of appropriate marginal property accounting and auditing relief that meets the requirements under § 1204.5 and is not prohibited under § 1204.204.

To qualify for the first relief option, *cumulative royalty reports and payments relief option*, properties must produce less than 1,000 barrels-of-oil-equivalent (BOE) per year for the base period (July 1, 2021 through June 30, 2022). Annual reporting relief will begin January 1, 2023, with the annual report and payment due February 29, 2024. If a lessee has an estimated payment on file, the payment due date is March 31, 2024. To qualify for the second relief option, *other requested relief*, the combined equivalent production of the marginal properties during the base period must equal an average daily well production of less than 15 BOE per well per day, as calculated under 30 CFR 1204.4(c).

Each State makes an annual determination as to whether it will participate in neither, one, or both relief options. This Notice fulfills the requirement in ONRR's rules to publish a notice of the State's "intent to allow or not allow certain relief options . . . in the *Federal Register* no later than 30 days before the beginning of the applicable calendar year." See 30 CFR 1204.208(f).

The following table shows the States with qualifying marginal properties and those States' decisions on whether to participate in neither, one, or both relief options for calendar year 2023. An "N/A" means that no properties within the State met that condition for that type of relief:

State	Cumulative royalty report and payment relief (less than 1,000 BOE per year)	Other accounting and auditing relief (less than 15 BOE per well per day)
Alabama	NO	NO
Arkansas	N/A	YES
California	NO	NO
Colorado	NO	NO
Kansas	NO	NO
Louisiana	YES	YES
Michigan	NO	YES
Montana	NO	NO
Nebraska	NO	NO
Nevada	N/A	YES
New Mexico	NO	YES
North Dakota	YES	YES
Oklahoma	NO	NO
South Dakota	YES	YES
Utah	NO	NO
Wyoming	YES	NO

Pursuant to 30 U.S.C. 1726(c), a Federal oil and gas property located in a State where ONRR does not share a portion of Federal royalties with that State (that is, for 2024, a State not listed in the table above) is eligible for relief if it qualifies as a marginal property. For more information on how to obtain relief, please refer to 30 CFR 1204.205.

Unless the information that ONRR receives is proprietary data, all correspondence, records, or information received in response to this Notice may be subject to disclosure under the Freedom of Information Act (FOIA, 5 U.S.C. 552 *et seq.*). If applicable, please highlight the proprietary portions, including any supporting documentation, or mark the page(s) containing proprietary data. ONRR protects proprietary information under the Trade Secrets Act (18 U.S.C. 1905), FOIA Exemption 4 (5 U.S.C. 552(b)(4)), and the Department of the Interior's FOIA regulations (43 CFR part 2).

**Authority:** Federal Oil and Gas Royalty Management Act of 1982, 30 U.S.C. 1701 *et seq.*, as amended by Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (RSFA, Pub. L. 104-185—Aug. 13, 1996, as corrected by Pub. L. 104-200—Sept. 22, 1996).

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